

STRIKING BALANCE

with Whole-Brain Leadership

accenture[>]strategy

ACHIEVE COMPETITIVE AGILITY



 INTO
THE NEW

THE NEW RULES OF ENGAGEMENT FOR THE C-SUITE

It's business as **un**usual

Long steady states of market growth and performance are interrupted by significant, disruptive ones that fundamentally reset “business as usual.” Think steam engine. Or mass production techniques. And more recently, AI and machine learning. Today, we’re in one of those periods of frame-breaking change. Leaders across all industries and geographies are being challenged to solve complex business problems in new ways, with different constituents, at a new pace and scale, and with bigger consequences than ever before for getting it wrong.



About the Authors



Peter Lacy

**Senior Managing Director
Accenture Strategy**

Peter leads the Accenture Strategy business in the UK and Ireland. He is a member of the Accenture Global Leadership Council and leads Accenture's relationship with the World Economic Forum and its Digital Transformation of Industries program. Peter advises leaders of Fortune 500 companies and public organizations on issues related to strategy development, digital transformation, innovation and acquisitions. Peter is based in London.



Katherine LaVelle

**Managing Director
Accenture Strategy**

Katherine leads the Accenture Strategy Talent & Organization business in North America. She helps organizations develop and implement workforce transformation programs to improve employee performance and deliver bottom line results. She specializes in merger integration, operating model and organizational design, HR strategy, sales and service performance, and business-driven learning. Katherine is based in Washington, DC.



Alberto Zamora

**Managing Director
Accenture Strategy**

Alberto leads the Accenture Strategy business in Spain, Portugal and Israel. He advises clients on the development and implementation of new business strategies and operating models, as well as digital, cost management and customer transformations. He has worked across a range of industries, including consumer goods, retail, infrastructure, transportation, utilities, and oil and gas. Alberto is based in Madrid.

Bring balance for success

This change is being driven primarily by the exponentially sinking cost of data and the simultaneously rising need for advanced analytics capability on one side. And on the other, a demand for more human-centered approaches required to tap into the full potential of employees and consumers. At an enterprise level. These two spheres—the scientific on one side and the humanistic on the other—are what conventional wisdom refers to as “left” (scientific) or “right” (creative) brain thinking. Although neuroscience deems those labels too facile, it’s safe to say that today’s business landscape demands nothing less than a whole-brain approach.

Just as companies can no longer afford to excel on one parameter operationally—today’s market conditions make it “a must” that they focus on growth, profitability, sustainability and establishing trust with stakeholders—leadership can no longer remain unidimensional when it comes to the orientation of their skills. They need to be adroit at the “art” of people and the “science” of business. Or pay a price. In fact, our research with more than 200 C-suite executives and over 11,400 employees and consumers in China, France, Germany, Italy, Spain, UK, and the US found that leadership teams that actively acquire, deploy, demonstrate and embed diversified—whole-brain—thinking across the enterprise fare better financially than those that don’t. How much better? When it comes to

revenue growth, 22%, and 34% when it comes to profitability growth, as measured by EBITDA¹. And we identified accelerators to achieve that new state.

In our research, we focused not on the “why” or the “what” of disruption, but on the “how” leaders need to respond. We see these tensions playing out in the C-suite regardless of industry, market or demographic. At stake for leaders: retaining relevance and credibility as individuals and as teams. Our research set out to test a hypothesis: that there are personal and bottom-line benefits for leaders who proactively reskill and bring in outside talent to achieve the end goal of honing a well-rounded set of leadership skills.



Today’s operating environment is more complex. There is a compounding effect of market conditions, political stress and regulatory intervention that takes the complexity to a considerably higher level than we operated in let’s say 10 or 20 years ago.

Board Member, Banking / UK

Feeling the pressure

The view from the C-suite:

85%

Say disruptive impact of new technologies has increased

74%

Say disruptive impact of constantly shifting customer demands has increased

72%

Say disruptive impact of new market entrants has increased

62%

Say investors are among their most disruptive stakeholders

49%

Say employees are among their most disruptive stakeholders

One of the clear indicators that we are facing a profound moment in time: pressures are compounding and converging on the C-suite like never before. Emerging technologies. Shifting customer demands. New market entrants. While these pressures are not new, the C-suite reports that the complexity and intensity of disruptive forces are increasing. It is this combinatorial effect that is making this time in history so unique—and so very challenging.

The disruptive impact of new technologies—the ever-present, evergreen issue—is increasing in impact and intensity according to 85% of the C-suite executives we spoke with. Nearly three-quarters report that the disruptive impact of constantly shifting customer demands and new market entrants has increased over the past three years.

And adding to this constellation of pressures, our research reveals a further potentially destabilizing force that if embraced could be an accelerator and guide to the type of change being demanded of the C-suite: a “supergroup” of employees and customers. We call them “Pathfinders.” **(Figure 1)**



I would say, overall, the world is moving and changing more quickly than in the past, and that is impacting pretty much all industries. I see that as a big thing. We’re encountering faster change everywhere.

Institutional Investor / USA

Who are the Pathfinders?

Figure 1:

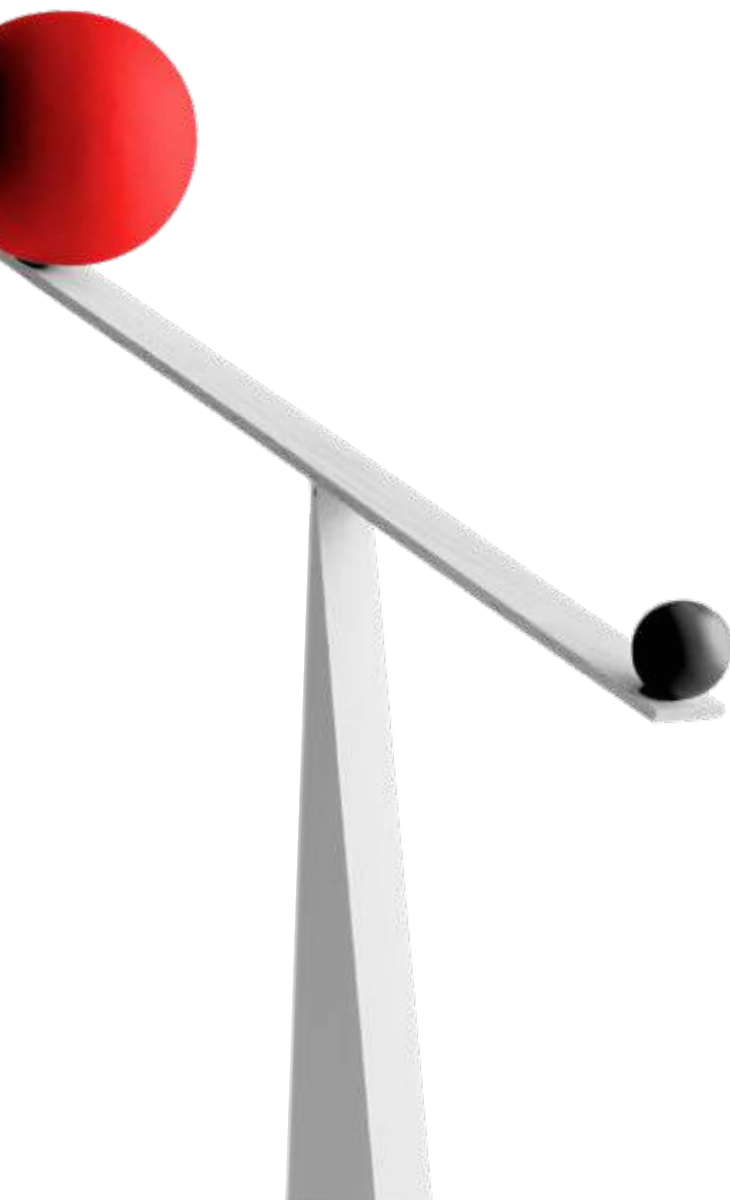
The Pathfinders are a "supergroup" of employees and customers that emerged from our research based on their motivations and perception of self-empowerment when dealing with the companies they work for and buy from.

ME
*"I value what
benefits me."*

EMPOWERED <i>"I can challenge companies."</i>	
Agitators	Pathfinders
Employees: 15% Customers: 19%	Employees: 31% Customers: 31%
Employees: 35% Customers: 30%	Employees: 18% Customers: 21%
Indifferent	Disenfranchised

WE
*"I value what
benefits society."*

NOT EMPOWERED
"I can't challenge companies."



The super group with super powers

In our research, employees and customers broke out rather predictably in three quadrants that company leadership is familiar with and is adept at managing: “Agitators,” the “Disenfranchised,” and the “Indifferent.” And then there are the Pathfinders. The Pathfinder group emerged in that all-important upper-right-hand quadrant, a potential flash point framed by self-perceived empowerment and changes in motivators.

Pathfinders are remarkable both for their characteristics and influence (**Figure 2**). For starters, their composition flies in the face of tropes about the new workforce and new-age consumers. Because they’re not all Gen Zers or Millennials. In fact, around half are 40 and older, placing them squarely among Generation X and Baby Boomers. They’re balanced in other ways, too: 52% are women and 48% men. They are 50/50 customers and employees. They are significant in numbers, comprising a third of the total group of 11,000+ customers and employees we surveyed. They are defined by a mindset rather than simple demographics. They are future leaders and high performers. This group is expecting—and demanding—a very different leadership style at the individual leader and enterprise level. Ready to partner and help write the blueprint of the future—or ready to walk. This challenging group could be an onramp to the necessary change curve.

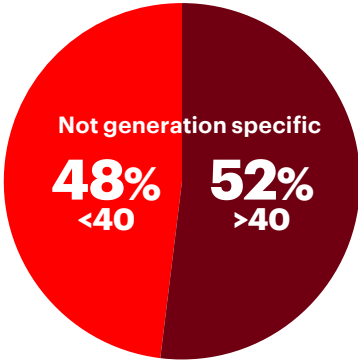
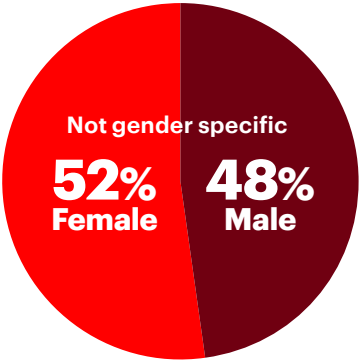
Leaders who ignore this supergroup will do so at their own peril. New technologies have given them a disproportionate voice that is difficult to ignore. Seventy-nine percent of Pathfinders say social media has increased the power of their voice in the companies where they work. And 71% say social media has increased their ability to influence the behavior of companies they buy from. The transparency that new technologies enable has given them more choice. Eighty-seven percent of Pathfinders say it’s easier to find out about an organization—and the individuals they work for or would consider working for. Seventy-three percent say they have more options in the companies from which they purchase.

The C-suite is not oblivious to the potential of this supergroup. Nearly three-quarters of Pathfinders believe they have the potential to destroy company value in the long term.

The best way to fight fire is with fire. Taking the lead from the Pathfinders versus resisting or trying to out-manuever them could provide leadership with the type of fire break they need to position themselves and their companies for success. And to make important new allies in the process.

The supergroup: New best friend of a savvy C-suite

**Their composition
defies conventional
wisdom**



**A group you cannot
afford to ignore**

>2x

...as employees more likely to be on the fast track to leadership and possess critical skills

84%

...as consumers more likely to be in the top 10% of household incomes

**Have clear and
different expectations
of leadership**

57%

...as employees more likely to place a particular emphasis on working for companies who have a clear purpose they can relate to

67%

...as consumers more likely to place a particular emphasis on buying from companies who contribute to society

Figure 2:

Pathfinders are defined by a mindset—not traditional categories or demographics. This influential group poses both a challenge and opportunity for the C-suite.

Pathfinders have great expectations

“**Aside from the generally accepted skillsets that we feel are required for the kind of senior positions that we have, the next thing that is high on the list is cognitive diversity. All the evidence says if you can get a better level of cognitive diversity you get a better outcome. You get better profitability. You get a better perspective on each problem that you are trying to solve.**

Board Member, Banking / UK

After all, Pathfinders possess significant power and influence. They are 84% more likely to be in the top 10% of household incomes, with massive spending power as consumers. And are 67% more likely to buy from companies who contribute to society.

As employees, Pathfinders are twice as likely to be on the fast track to leadership and have the critical skills that enable them to choose the companies they work for. They are 57% more likely to work for companies that have a clear purpose they can relate to.

And Pathfinders expect different things from leadership. They have a clear view of what they think are important skills and behaviors for C-suite leaders to possess. And they expect a well-balanced set of skills across both the right and left brain—a whole-brain engagement and management style. That style balances traditional, left-directed skills that draw on data and analytics with non-traditional, right-directed skills that focus on human-centered capabilities such as empathy, self-awareness and intuition, as shown in **Figure 3**.

“When faced with a storm, a tree that doesn’t bend becomes wood.”

anonymous

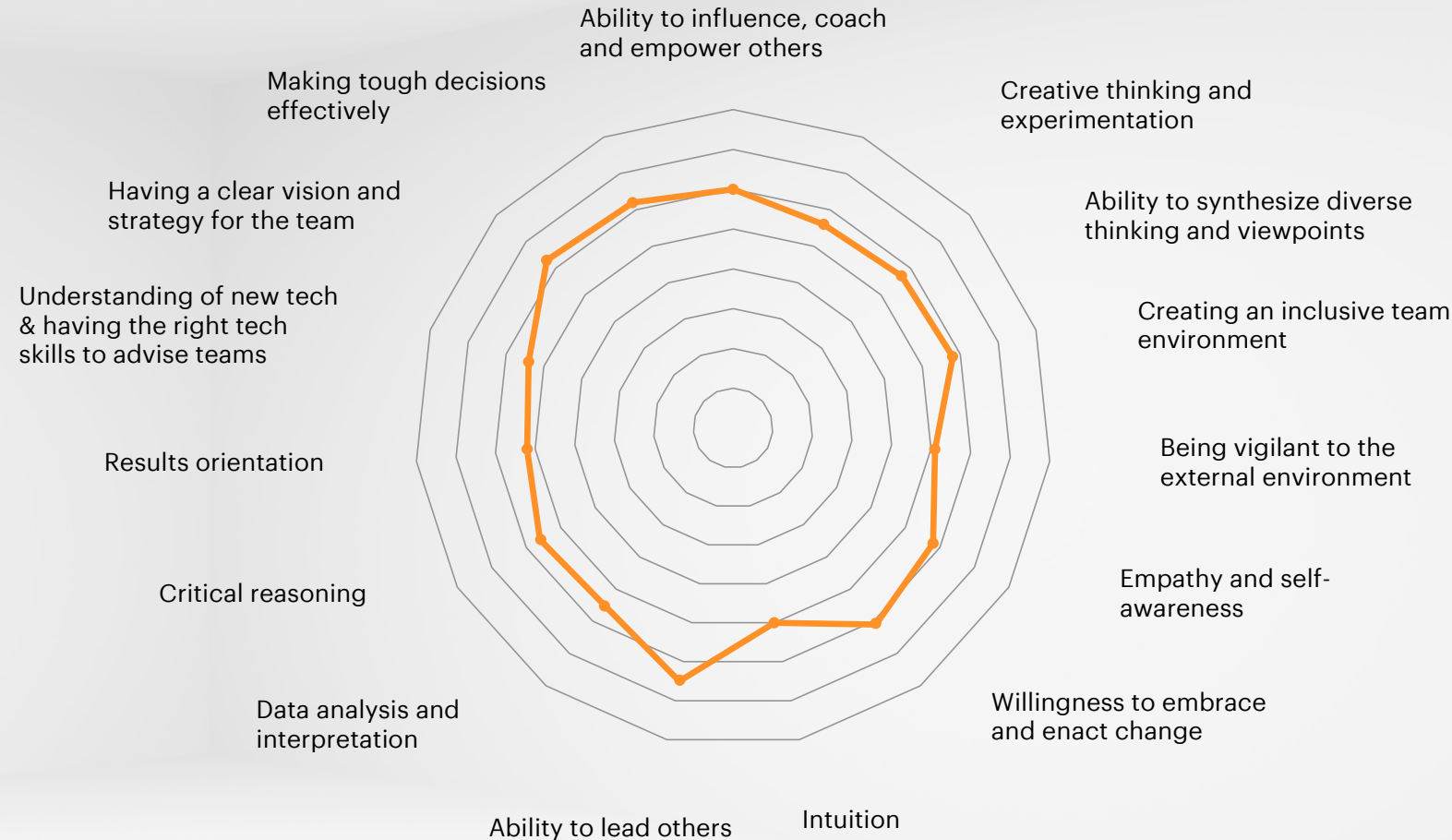
Our greatest strengths can often become our greatest weaknesses. The backstory of the majority of today’s C-suite leaders isn’t exactly a surprise: business school. Science. Tech. A whopping 89% hold left-directed degrees. It’s a skill set that worked well in a world that was more linear than not. Driven by well-studied market forces. They mastered the science of management. Critical reasoning, effective decision-making and a results orientation are lauded characteristics of most of today’s leaders and will remain valuable skills and capabilities. But not in and of themselves.

Welcome to the “and” paradigm.

Pathfinder “must haves” for C-suite leaders

Figure 3:

As employees, Pathfinders indicate that whole-brain skills and behaviors are important for C-suite leaders to have.





89%

**of the C-suite
have formal
training in
left-directed
degrees**

Go left and right



Experience does not have the same value today because the world is developing exponentially,” according to a C-suite executive in Germany we spoke with. Similarly, a C-suite executive in Spain noted that, “People have the superpower to change things,” requiring business to be run in a much more transparent way.

There is a compounding effect to these factors and new realities that the C-suite faces, impacting them at the macro-economic level, the company level, and at a deeply personal level. The C-suite is aware of the changing dynamics and is unsettled by them. Leaders need a new set of skills to complement the left-brain with the power of the right. They are aware of this need for whole-brain thinking. Now what?

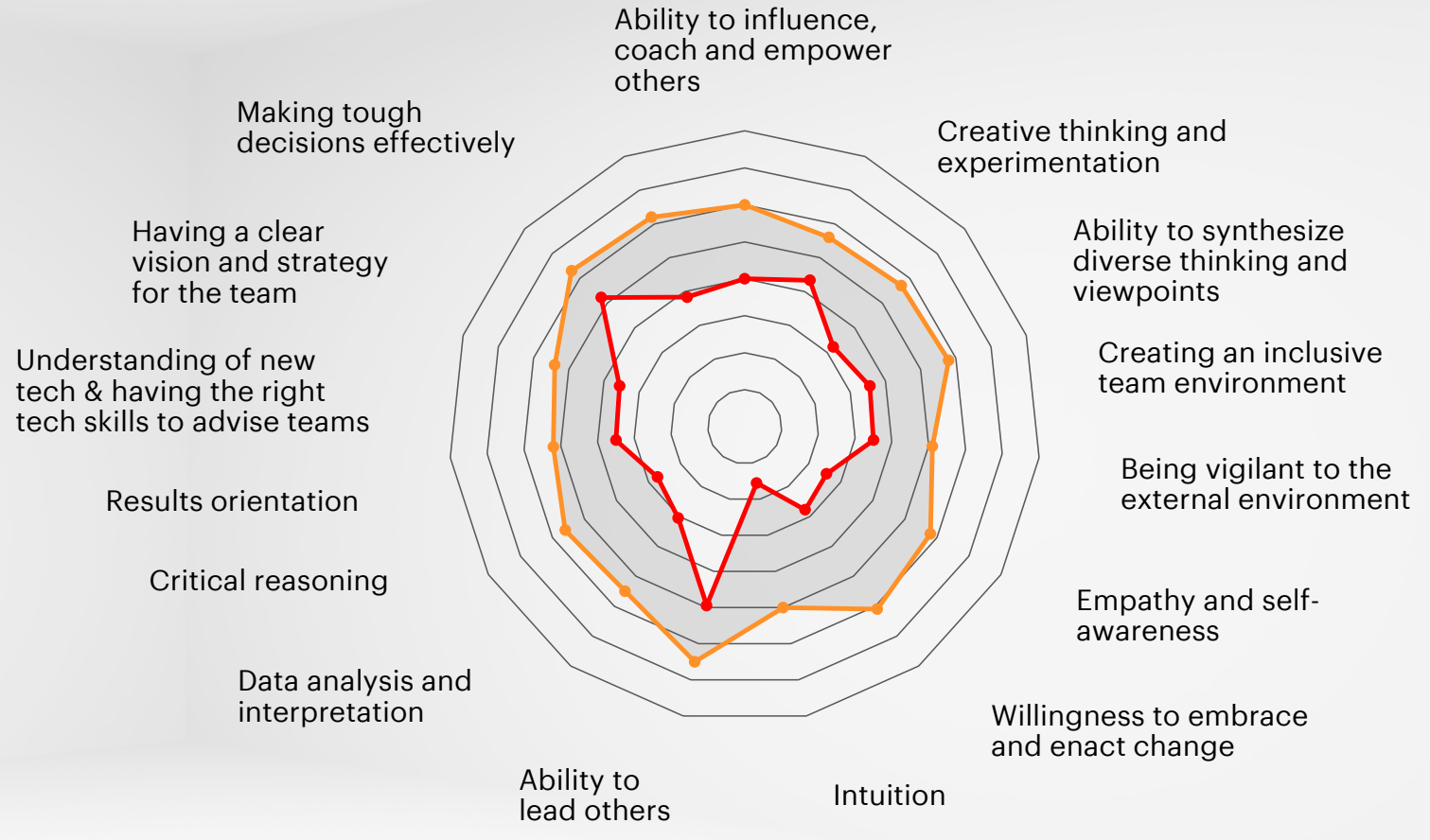
As our research shows, the C-suite values a whole-brain skill set, but to a lesser degree than the employees within the Pathfinder group as shown in **Figure 4**.

Sixty-five percent of the C-suite report that a right-brain skill is their weakest. This includes things like intuition, empathy and self-awareness, and vigilance to the external environment. They also report an underlying weakness in a critical left-brain skill—their understanding of new technology and having the technology skills needed to advise their teams. Often, the greatest barrier to a paradigm shift is paradigm paralysis: an inability or refusal to see beyond the current models of thinking. If the Pathfinders are the harbingers of change, then C-suites looking to be part of the future and lead themselves and their companies into a new era of growth will embrace what Pathfinders foreshadow. The C-suite will move to rapidly acquire whole-brain leaders and change the DNA from top to bottom. There is evidence that a conscious shift is underway.

Whole-brain skills: The great divide

Figure 4:

The gap between Pathfinders' expectations of leadership and those leaders' own views of the importance of critical whole-brain skills.

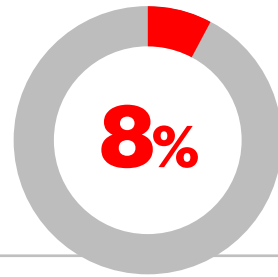


Importance of key skills required of C-suite leaders by:

- Pathfinders
- C-suite

Respondents were asked 15 questions to test whether they use a whole-brain approach to running their company. Based on their responses, they were given an indexed score. Respondents were separately asked to report their 3-year revenue and EBITDA growth. The data shows the self-reported growth rates for those that score in the top quartile of the whole-brain index vs. the rest.

Don't believe us, believe the numbers



Use a whole-brain approach today...

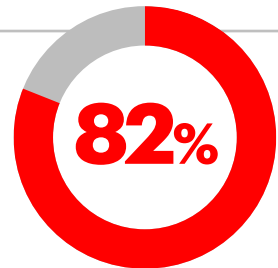
and report stronger average growth & profitability

+22%

**avg 3-yr
Revenue growth**

+34%

**avg 3-yr Profit
(EBITDA) growth**



Intend to use a whole-brain approach in the next 3 years

According to our research, only eight percent of C-suite members report bringing a whole-brain approach to bear today. However, a whopping 82% intend to use a whole-brain approach tomorrow.

And it's worth the effort. The C-suite leaders we spoke with who report using a whole-brain approach to leadership today are already seeing a positive bottom-line impact. When comparing the financials of companies that use a balanced, whole-brain approach today to those who don't, we saw a correlation with stronger financials on average over a three-year period (See sidebar: "Don't believe us, believe the numbers."). Twenty-two percent higher revenue growth. Thirty-four percent higher profitability (EBITDA) growth.

“ In a linear world CEOs could project their experience into the future. Today, experience does not have that same value because the world is developing exponentially. You have to listen much more to other people and have a feeling about where things are developing instead of extrapolating the future from previous experience.

**C-suite Member,
Consumer Goods / Germany**



MAKE THE PLAN WORK THE PLAN

The debate is over. The path forward is clear. And the impact for C-suite leaders is both personal and collective. Whole-brain leadership isn't something that can be paid lip service to. It must be as rigorously pursued and acquired as left-brain analytics are. And the Pathfinders will be right there to keep leadership honest or let them know if they fall behind in "walking the talk".



1. Change the mix

The C-suite recognizes that changes need to be made within their ranks. Nine in 10 are beginning to take steps to address skills gaps and are using organic and inorganic ways to tackle the problem. Fifty-five percent are reskilling members of their C-suites. Nearly half (46 percent) are bringing in talent from outside their company.

German communications company Deutsche Telekom launched a training program for its executives worldwide to give them the leadership skills and methods required for the complexity and ambiguity of today's operating environment. Called levelUP!, the year-long program focuses on the management of "ambidextrous company structures"—a set of approaches that expand the existing core business while creating space for innovation in parallel. Explaining the rationale for the new learning format, Chief Human Resources Officer Christian P. Illek said, "Managers today are facing truly unprecedented pressures to make changes. The pace of digitization is producing organizations that are more agile. As a result, leadership methods and behavior are being redefined."² The training program leverages a range of methods, including reverse mentoring and design-thinking workshops.

9 in 10

Companies are beginning to take steps to address skills gaps

55%

re-skilling C-suite members

46%

bringing in new talent from outside

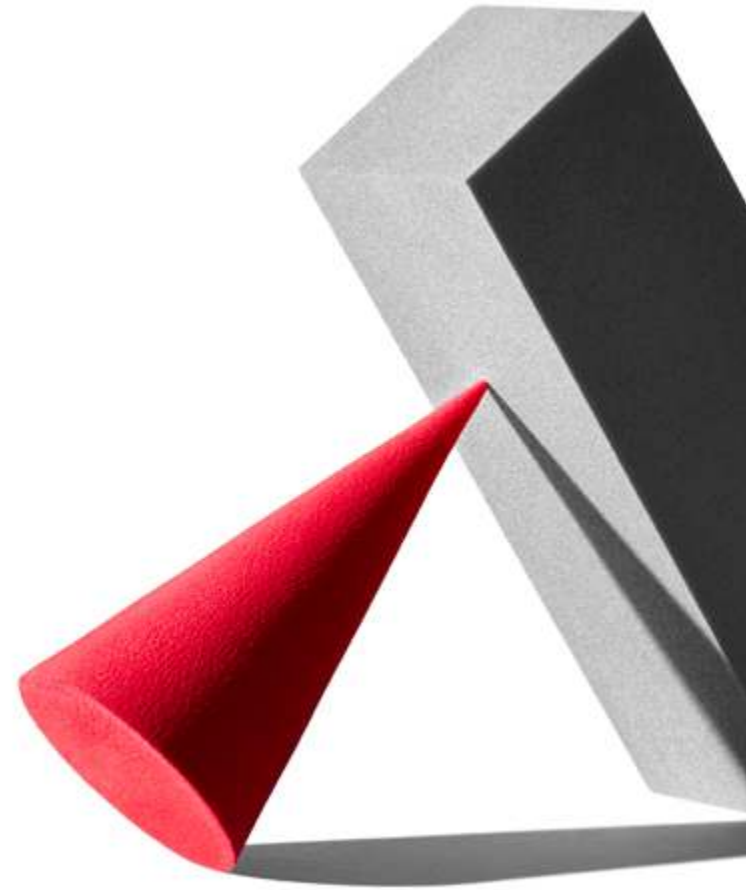


2. Relinquish some traditional leadership to gain currency and relevancy

Harnessing the power of the Pathfinder group is essential. This group knows what it wants, and frankly, is going to get it one way or the other. Embrace them, allow them to lead in some new dimensions and gain an ally that will re-credentialize your leadership—which must be granted. And they will step into the harness. Why risk the facts: Pathfinders are five times more likely to take action in numbers against their employer and sixty-one percent have already taken disruptive action, voicing their disappointment as a customer.

Leverage the fact that the Pathfinders are natural agents of change. They are two times more likely to be motivated to give their best for their employer. And as customers, are twice as likely to choose a more expensive brand because they prefer what it stands for.

Airbnb is reaping the rewards of harnessing their community of “employees” and “customers”. Co-founder and CEO, Brian Chesky, says that what “makes Airbnb so different is the fact that we’re a community... there are many home rental websites, there are not as many communities.”³ In that vein Airbnb has employed local mobilizers to organize home sharing clubs for hosts in cities around the world. Airbnb uses these as an opportunity to educate hosts about regulatory and political challenges, and to facilitate letter-writing campaigns, media interviews, public rallies, and meetings with politicians. When San Francisco proposed new restrictions on short-term rentals, the clubs led an initiative that engaged over 2,000 local businesses in the weeks leading up to the vote. This is in line with Chesky’s view that a company’s stakeholders include more than just investors, they include “employees, guests, hosts and communities” and envisions a board meeting scenario where executives report on results for all these stakeholders, not just for investors.



3. Drive change deep and wide

Getting this right is a balancing act and requires a very well-rounded set of skills across the right and left brain that are proactively and deliberately baked into the DNA of the organization. The C-suite must build these balanced skills in practice and use at both the organizational and individual level. And they need to be planting seeds for the future by building this required skill set into their recruiting strategy throughout the organization, creating a pool of candidates mid- and long-term to fill leadership and C-suite seats organically with whole-brain thinkers. It will take the combined spark and power of left- and right-brain thinking to break down business problems and to create new value.

Financial software giant Intuit challenges everyone—even its lawyers and accountants—to consider how to incorporate design thinking principles into their jobs. Finance heeded the call and streamlined its purchasing process. HR re-imagined the entire application and interview cycle. To help drive the incorporation of these design thinking principles across the organization, the company installed a chief product and design officer who reports directly to the CEO, and launched a design for delight (D4D) program. D4D articulates Intuit’s approach to design thinking, based on deep customer empathy, idea generation and experimentation. The intent is to get employees to think less about pure software functionality and instead develop features that help customers make a more emotional connection with the company. The company’s previous CEO, Brad Smith, introduced an innovation process that was meant to create an impact on the consumer and weave emotion into the product.⁴ And its new CEO, Sasan Goodarzi, remains committed to the idea of technology working in concert with humans, marrying AI with human experts as part of its next generation of services.⁵

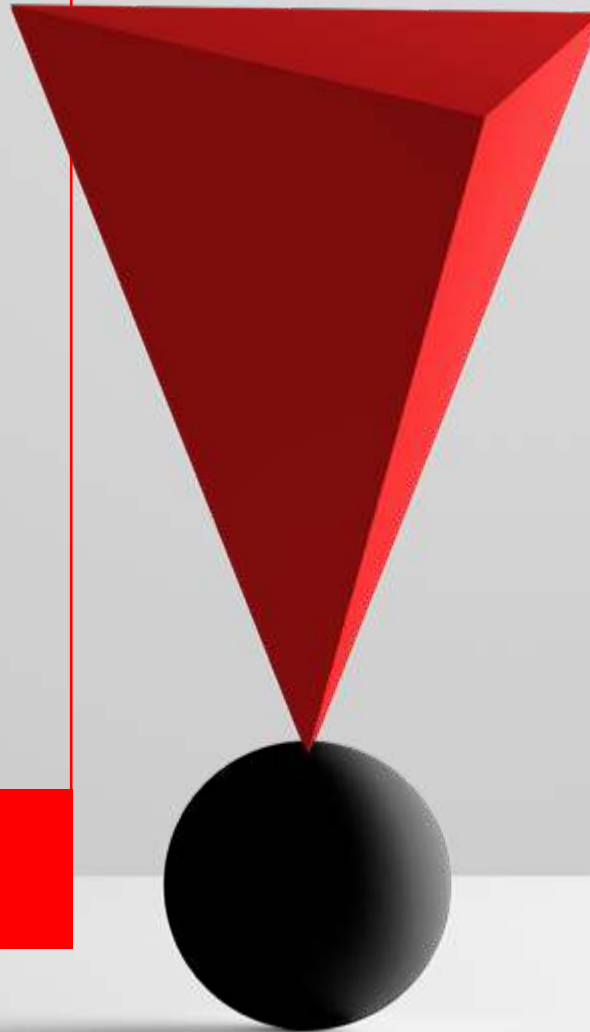


Intrigued?

We've been there. We've built on our rich industry expertise and technology heritage to arrive at a place where human-centered design meets data-driven strategy consulting. This allows us to go deep "left" into data science, analytics, machine learning and AI and simultaneously go deep "right" in terms of human-centric design approaches that support innovation and creativity. Reach out to our authors if you'd like to explore the possibilities in your own organization.



Contact our authors for more on the whole-brain leadership approach to balancing your business



About the Research

The research for this program was driven by multi-dimensional qualitative and quantitative approaches:

- A telephone survey of 200 C-suite executives
- A consumer survey of 5,700 consumers
- An employee survey of 5,700 employees
- A design thinking workshop with C-suite executives to reflect on changing stakeholder expectations and the impact of that change on the C-suite's approach to leadership
- Ethnographic research conducted from December 2018 to January 2019 in Germany, Spain, the UK and the USA with 120 employees and consumers to understand what motivated them to work and make purchases
- Employee and consumer focus groups conducted between November 2018 and January 2019 to discuss their expectations of companies and their leadership
- In-depth interviews with 25 C-suite executives, Board of Director members and institutional investors

All surveys were conducted in France, Germany, Italy, Spain, the UK and the US between February and April 2019. The consumer and employee surveys were also conducted in China during the same timeframe.





References

1. This and all subsequent data and quotations in this report unless otherwise cited are from the Accenture Strategy Whole-Brain Leadership: New Rules of Engagement 2019 research study.
2. Digital leadership: Telekom raises the level for managers, Deutsche Telekom, March 28, 2017
3. Airbnb CEO at Code 2018, May 30, 2018
4. Leader spotlight: Brad Smith, Bold Business, November 2018
5. New CEO of Intuit says the rise of AI will be as big a challenge as the company's shift to cloud computing, Business Insider, March 2019

About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 477,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at **www.accenture.com**.

Copyright © 2019 Accenture.
All rights reserved.

Accenture and its logo are
registered trademarks of Accenture.

About Accenture Strategy

Accenture Strategy combines deep industry expertise, advanced analytics capabilities and human-led design methodologies that enable clients to act with speed and confidence. By identifying clear, actionable paths to accelerate competitive agility, Accenture Strategy helps leaders in the C-suite envision and execute strategies that drive growth in the face of digital transformation. For more information, follow **@AccentureStrat** or visit **www.accenture.com/strategy**.



@AccentureStrat



[linkedin.com/company/accenture-strategy](https://www.linkedin.com/company/accenture-strategy)

About Accenture Research

Accenture Research shapes trends and creates data driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients’ industries, our team of 300 researchers and analysts spans 20 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations, such as MIT and Harvard— guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients. For more information, visit **www.accenture.com/research**.